

Financial Ombudsman Service
Exchange Tower
London
E14 1JN

By email

23 January 2024

Dear Sir/Madam,

FOS 2024/25 Plans and Budget and consultation on charging professional representatives

The Panel welcomes the Financial Ombudsman Service announcement of a £100 reduction in its case fee, a decrease to the compulsory and voluntary jurisdiction levies on businesses, and other improvements set out in its 2024/25 Plans and Budget to streamline and simplify its operations. All of this should help ensure better outcomes for consumers, faster.

Further, we strongly support the proposal to apply case fees to CMCs and relevant legal professionals in consonance with the 'polluter pays' principle. There is a clear need to disincentivise professional representatives from seeking to profit, at the expense of both consumers and fee-paying financial services firms, from the submission of large volumes of unmeritorious complaints. Extending the application of case fees to professional representatives is a key part of addressing this problem holistically. On fee levels, we would encourage the FOS to take a firm approach to charging higher fees for professional representatives abusing the system based on an assessment of whether, and the extent to which, they have demonstrated irresponsible behaviour or deliberately submitted spurious complaints. That would ensure that the 'polluters' really do pay and encourage these firms to apply learnings from your Service's decisions.

If the power to impose case fees on CMCs were exercised, our hope and expectation would be that overall complaint volumes would drop over time and that a larger proportion of complaints submitted to the FOS would be of a standard that warranted further review and investigation. Following implementation, further work may be needed to monitor emerging trends and to guard against any embedding of the fee being passed on to consumers and, in particular, those in vulnerable situations. We recently expressed our joint support, alongside the Smaller Business Practitioner Panel, for proposals by the Solicitors Regulation Authority to align their fee caps with cap levels set out by the FCA for CMCs, which - if implemented - should help support a more consistent approach to fees.

More broadly, we are pleased that these proposals evidence the continuing maturation of the Wider Implications Framework with the FCA, the FOS and the FSCS also communicating with the wider regulatory family on shared issues. It is important that relevant regulatory bodies collaborate to identify emerging challenges, share insights and seek solutions which lead to better outcomes for consumers.

We would be happy to discuss any of these points further.

Yours faithfully,

[signed]

Matt Hammerstein
Chair, FCA Practitioner Panel